

What accounts for the difference in price of bubble teas in Bangkok?

By Suphattra Chatromyen ( 23 May 2017 )

In my opinion the topic is very interesting especially for marketers, since it creates the curiosity that what creates the price discrimination, either it is about the branding or ingredients. The paper is conducted from the basic information from 22 brands which are categorised into 3 groups which are general tea, tea with special topping, and premium tea. The author uses the SCP framework to demonstrate and analyse the market. The paper analyses the price of bubble tea market and the reason behind the strategy by the product differentiation.

There are few interesting main ideas from the literature reviews which are “ Consumers mostly consider products or brands of various firms to be imperfect substitutes.” Also the pricing strategy which links with the location is treated differently. The next one is the characteristic whether the brand, packaging, design, etc. affects the price strategy for each firm. Also standardising prices of the firms. The price and choices in the oligopoly market, consumers have various needs and taste for quality. The true quality of the product will only be known after the purchase but what matters in the deciding process is the reputation, ex. Taiwan is an origin country for bubble tea.

In the industry background, the interesting part is that Mr.Shake is the first boba tea brand to enter Thailand, many of the competitors could not survive in the market but the reason Mr.Shake did well is affected by the First mover advantage. But nowadays there are many ranges of boba teas, whether high price with more premium ingredients or low price with the reduced quality for ingredients. The author uses SCP-paradigm to analyse the market structure, market conduct, and market performance. This covers the character and competitiveness of the market, pricing strategies, quality choice, advertising strategies, R&D, franchise and lastly the ability to charge price over the marginal cost. Also using surveys to support the interpretation of the competitive level. As a result, the types of bubble teas can be organised into 3 types which are general tea, tea with special topping, and premium tea. General tea which offers normal types of teas and ingredients. Tea with special topping differentiate themselves from the general teas by the use of premium ingredients such as golden bubble, cheese, etc. Also in this category, location will also be a factor. But mostly of the general tea and tea with special topping has a similarity in the brand loyalty program. Lastly is the premium tea which differentiate themselves by using different tea toppings, location, and uniqueness.

My personal comment is about the limitation of the information, as mentioned in the limitation part that it lacks some brand which for me will affect the SCP. Also the number of the brands mostly are the general tea and tea with special topping which from my understanding there are many more premium teas in the market which have the same average price, author should use more brand and more source.